

Cryptocurrency in the Nexus of Global Harmonization, Good Governance, and Social Rehabilitation

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Abstract: Good governance in all countries that work together leads to global harmony and the healing of society. Virtual currency can be named the universal currency of choice in the modern world, not only for investors, traders, and all kinds of financial and business ventures but also for bad actors. A ray of hope for social rehabilitation is always there, but some critical factors of an adverse nature are causing delays in social rehabilitation and international harmony. Sources of criminal facilitation have been linked to human progress since ancient times. It encourages criminal behavior, which may be why the crime rate is rising. Modern digital technology, on the one hand, is a powerful source of facilitation for humankind in the present and upcoming eras, but its adverse effects are still there. The frequent increase in cyberspace crimes is a threat to the modern age. This study will descriptively review the problem and try to figure out if cryptocurrency is good or bad. It will also look at the things that cause social destruction and how they can be stopped, so society can get better by getting out of a bad situation. It will ensure social rehabilitation in minimum time.

Keywords: International Law, Criminal Laws, Cryptocurrency, Money laundering, Terrorism Financing, Social Rehabilitation

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1. Introduction

The expansion of cyberspace and universal dependence on it has created new challenges for law enforcement and governing bodies of every state, individually and collectively, for the entire world. The increasing use of cryptocurrency for tax evasion, cybercrimes, abduction for ransom, money laundering, and terrorism financing has created a point to worry for the entire globe. Significantly, the

picture of its illegitimate use's full extent and potential still needs to be discovered. (Bartsch, n.d.)An approximate score of its market is described as more than EUR 7 billion worldwide. Policymakers need a strategic focus and effective legislation to balance this emerging situation. The growth in the use of electronic devices and the internet have drastically changed all compasses of human life and the world of

crime. (Rueckert, 2019) Digitalization has opened new opportunities for criminals, including new techniques and sources for the commission of crime in the shape of modern digital devices. The increasing sophistication of terrorist and other criminals have forced policymakers to improve their governance to keep the social rehabilitation process up. (Rueckert, 2019)

As a global threat, this is a strange reality that terrorist groups were the prime implementers of using digital facilities for their ulterior motives, like cryptocurrency for terrorism financing, i.e., fundraising, transfer of funds, and hiding the funds with a hidden identity. (Ibrahim et al., n.d.) They are aware of the confidentiality of a cryptocurrency which is a crucial feature for them to be used for their ghost activities. In the same way, it has become a haven for money launderers by which they efficiently do placement, layering, and integration, i.e., crypto laundering. Three salient features of such currency (decentralization, anonymity, and global reach) have attracted criminals to its use for their motives. (Marian & Marian, n.d.) Law enforcement has to do several analyses to find the traces of criminals for indirect/direct de-anonymization. For example, the Department of Justice USA used transactional network analysis, time

analysis, quantitative analysis, and proliferation analysis to dig out a massive amount of cryptocurrency belonging to terrorist groups from their fundraising mechanism on 13-02-2020. One of the significant elements behind using cryptocurrency, terrorist groups need goods that are banned from trading or manufacturing. Bitcoin facilitates them to purchase such goods from the dark web. It might be the most significant consideration for terrorists and other criminals in the future too. (Reddy & Minnaar, 2018)

The dark web has borderless global fast access with anonymity and less cost, which is an attractive option for hidden ghost elements. It has the potential to become an effective platform for criminals to operate all kinds of activities secretly. In this reference, a combined effort to take practical steps by all the world countries is needed for a time before it is too late. Experts tell us that preventive measures of AML/CFT would serve the purpose in this regard. They also argue that stopping terrorism financing is stopping terrorism. (Alfieri, 2022)

Different countries' responses to this uninvited guest are different. Some countries have outlawed cryptocurrency trading and investment. Some countries have admitted that their trade and investment are subject to

taxation. In contrast, many countries are issuing their cryptocurrencies. (Alfieri, 2022; Reddy & Minnaar, 2018) Hence the virtual war of the currencies in cyberspace has begun affecting human social and economic life from many perspectives. Developing countries are watching the developed countries and global institutions like dependent children. The same is the case with Pakistan. This review article explores the literature on the introduction, use, and misuse of cryptocurrency, focusing on its criminal perspective viz its challenges for good governance and, social rehabilitation, global harmonization. (Christian; Accorsi & Müller, 2015)

2. Familiarizing Cryptocurrency- Potential Risk and Opportunity

The introduction of digital currency belongs to the year 1990 and became a subject of discussion while Legislators, Policy Makers, and Law enforcement took it as their concern in 2013 when these currencies, i.e., Bitcoin, obtained extraordinary fame and progress. Different trading brands started accepting payments in Bitcoin. Financial Action Task Force (FATF) defined cryptocurrency:

“a digital representation of value that can be digitally traded and functions as a medium of exchange, a unit of account and a store of value but does not have legal tender status,

issued nor guaranteed by any jurisdiction.”(Jane Hughes et al., n.d.)

This product's three main characteristics (anonymity, decentralization, and global access) make it a distinct facilitator of modern world trade. At the same time, it is a tool for criminals. Research and reports tell us that Bitcoin is used for Ponzi fraud, ransomware payments, cyber fraud, terrorism financing, and money laundering. The potential risk of its unlawful use is more considerable than traced up till now. (Alfieri, 2022) It functions like the dark web because it does not require any centralized server. Cryptocurrencies enable peer-to-peer with no central authority. Consequently, it becomes more challenging to discover the identities. The dark market is operating by using such currencies as means of transactions.

This picture also depicts some pretty positive sides:

- The right to privacy as the subject of a fundamental right can be elaborated on in this reference. This currency provides well-shielded and borderless privacy to individuals and organizations. What can use this feature for the constitution of a healthy society with decency and the rule of law? (Rueckert, 2019)

- The people of the oppressive regime of the world have an opportunity they can be rehabilitated by giving them the human right of freedom of trade, investment, savings, and transfer of funds globally without hurdles of borders and states. (Rueckert, 2019)
- Scholars believe that democracy leads to a better world with a healthy society. Cryptocurrency is a democratic rights provision that deals with all nations and democratic human rights in all regions. (Rueckert, 2019)
- Cryptocurrency has excellent potential to be proved a game-changer by redesigning the economic and financial systems of the world. Admittedly it has an excellent capability to introduce new models of businesses. (Marian & Marian, n.d.)

Whatever global researchers and law enforcement do say about this product, the reality is least ignorable that cryptocurrency has attained billions dollar marketplace in the entire economic world, black market, and the dark net world. Hence, public awareness about the complicated risks ancillary to these currencies is need of time to avoid social and economic disasters as witnessed earlier in so

many countries where investors lost unrecoverable billions:

- Cryptocurrency is highly volatile because its prices are unpredictable due to its frequent fluctuations. Apparent factors are, its regulation is limited, it is not centralized, and it has a low market penetration. Its market is vulnerable to exploitation that might create unexpected swings in its prices. This high volatility is a considerable risk for investors, but great rewards are witnessed for those keen to predict its market price fluctuations. (Ibrahim et al., n.d.; Rueckert, 2019)
- It is a high-cost investment as well. One has to bear a fee when buying, exchanging, and keeping it in a digital wallet.
- Cryptocurrency is not easy to operate for a new investor. The buying, selling, storing, and exchanging process requires a skilled hand. A complete understanding of this technology is necessary to avoid unnecessary losses and fraud. This currency is stored in digital wallets, which are vulnerable to hacking by

cybercriminals. (Reddy & Minnaar, 2018)

- The absence of a proper regulatory authority behind this currency depicts its uncertainty about the future of its market. Furthermore, no such authority guarantees or protects the investors in case of fraud or other illegal activities. (Christian; Accorsi & Müller, 2015)
- Its market can be illiquid, meaning it can be challenging to buy or sell large amounts of the asset without significantly impacting the market price.
- Cryptocurrency still needs to be widely adopted, meaning it can be challenging to find places to spend it. It can limit its usefulness as a currency and reduce its value.
- It is a highly technical asset and a technical failure or bug in the code could result in the loss of funds. (Bokovnya et al., 2020)

Despite all these challenges, people worldwide have shown a dire interest in investing in this market because of its high return potential. All of them face a ghost risk that is not easily traceable. (Nolasco Braaten et al., n.d.)Hence an ongoing challenge for

governing bodies of the world and law enforcement.

3. From Cash to Crypto: The Evolving Landscape of Terrorism Financing and Other Criminals

Some terrorist organizations have used cryptocurrency to fund their activities, as it offers a degree of anonymity and can be difficult to trace. Like money laundering, cryptocurrency transactions can be conducted without revealing the identities of the parties involved, making it a potentially attractive option for those seeking to hide their financial activities. (Nolasco Braaten et al., n.d.; Silfversten et al., 2020)

Cryptocurrency like Bitcoin is tempting to the extremist for its decentralized nature, anonymity, and rapidity grasping worldwide reach. ISIS is considered one of the best-funded terrorist groups with territory under its control, claiming that as a state, its followers have discovered the potential of cryptocurrency. That testified in 2015 that an ISIS cell is raising funds on the dark web using Bitcoin. FBI blocked an account where a sporter of ISIS collected 5 Bitcoin for ISIS funding. Since 2015, specific incidences have been detected wherein ISIS members fundraise through cryptocurrency channels. The accurate scale of using cryptocurrency

needs to be documented and wholly discovered. (Reddy, 2020a)

There are series of evidence of the use of cryptocurrency by a terrorist. One may find a website on the dark net titled "Funds the Islamic struggle without leaving the trace ."It was based on funding in the name of jihad while using Bitcoin as a currency without traces. There is a book to teach followers how to quickly transfer their financial support through Bitcoin without being caught by the clutches of law. (Reddy, 2020b, 2020a)

Once, a young boy was apprehended in the USA who confessed that he had taught the skills to donors of jehad, how to make a digital wallet and use Bitcoin for funding jihadis. It was also taught to them that there is no Islamic prohibition on using cryptocurrency for the Islamic cause. Jakarta, Indonesia attacks are speaking precedent of using Bitcoin to plan and execute terrorism. (Reddy, 2020a)ISIS abducted Europeans for ransom by using the territory of Syria and obtained ransom in bitcoin, which used the same finance in terrorist attacks in Europe. What can observe is the sophistication of terrorists. In 2015, they used this currency as a medium of blackmailing money. Where a terrorist group demands a thousand Bitcoin is threatening a company for not disclosing its data. Globalization and decentralized

irreversibility have become a great deal to terrorists and other criminals. Researchers and experts continued arguing about the motivational factors behind this episode. (Reddy, 2020b; Silfversten et al., 2020)

Arguments also sustained that it is a less attractive option for terrorism financing. Unexpected and strongly leveraged fluctuations in prices of such currencies are one of the negative cautions for these criminals, who hardly arrange finance for them. (Reddy, 2020b)They have a low margin to afford such risk as there is no trustworthy source behind these currencies. Terrorists need ultimate marketable fiat money to execute their terrorism operations, i.e., purchasing equipment, weapons, recruitments, training, and fulfilling the daily needs of their active members and their families. They have to convert such cryptocurrencies into real currencies for all these needs, which is challenging. They have to afford the risk of being traced or arrested by law enforcement as the international fund's flow-tracking mechanism has developed well.

Moreover, such incidents have created a global concern for the entire world. Restrictions for using cryptocurrency are detected because of the lack of any credit guarantee, and there is nothing like the

internal value of cryptocurrency. (Reddy, 2020a) Prices of these currencies are manipulated. Venture capital is a more attractive option for terrorist organizations, as argued in research conducted by Rand Corporation, due to restricted exchange options, unusual price fluctuations, and anti-western sentimentality. Furthermore, most radical groups have establishments and financial flow in developing countries with ineffective and weak financial systems. Ultimately, they have to depend upon the venture capital's financial resources. (Silfversten et al., 2020)

Defining the nature of cryptocurrency is crucial to regulating this virtual giant. A well-documented, regulated correspondence of these currencies serves the purpose of preventing the misuse of cryptocurrency. (Christian; Accorsi & Müller, 2015) The sequence and combination of solutions argued by Shi in 2015 seem logical and practical. He emphasized establishing an effective domestic and international legal framework and supervision of technology and science with cooperation by the states. World has to recognize that this is a borderless challenge to all jurisdictions. Hence an unconventional and appropriate approach is mandatory. Some researchers tried to prove that this virtual challenge's level does not match most

countries' regulations. Whereas many countries have weaker financial systems with many loopholes, they have not established any regulatory body or institution to monitor these currencies. (Albrecht et al., 2019)

Cybercriminals like hackers usually hack the data of a user. Moreover, they demand in Bitcoin or like currencies so that they may receive ransom anonymously without using any bank or any documented account to hide their identity, location, etc. such offenses often fall under different jurisdictions of different states, making it more complex to get any effective action against such ghost criminals. Several precedents might be seen in this regard. F(Ibrar, 2020; Yasir et al., 2022), Greek banks received threatening emails requiring thousands of Euros via Bitcoin in 2015, whereas, in 2016, Lincoln Group was blackmailed by cybercriminals. (Ibrahim et al., n.d.; Marian & Marian, n.d.) They stated they would only control their computers if they were paid ransomware in Bitcoin. Astonishingly, radical and drug-paddlers groups use Bitcoin more than in other countries. Reports up to 2020 tell us that trend of using Bitcoin is increasing. (Reddy & Minnaar, 2018)

4. Black Money Can be Converted into White with the Help of Cryptocurrency: Crypto-Laundering

Cryptocurrency has been proven to be a new age of opportunities for money launderers. Typically, money laundering means making a criminal or black money part of the documented and legitimate economy by placement, layering, and integration. It is necessary to realize its transformation steps to understand the concept of this white-collar crime. (Alfieri, 2022)

At first, a procedure derived from a crime is converted or transferred so that its illicit origin might be concealed and the criminal may be saved from the clutches of law enforcement.

It is secondly, revolving such money into the financial system so that it would be difficult to trace its criminal basis.

Thirdly, it is a stage of recovering that money from source(s) seem legitimate sources so that they may be shown into an economy or financial system without its criminal origin. (Yasir et al., 2022) Usually, there is a chain of domestic and offshore abettors who help to perform all these stages. They are also considered money laundering criminals. In the same way, cryptocurrency is also an abettor of this offense. (Alfieri, 2022)

5. Cryptocurrency a Hindering Challenge and a Real Opportunity

All the captioned offenses are global, affecting cross-border jurisdictions. Their nature, scope, context, and volume are direly damaging the countries and intimidating to the population therein and have become a big challenge for a welfare state's aims of good governance and social rehabilitation. Such crimes and such criminals create unduly compelling circumstances for the governments and global institutions to do or not to do such acts which they are not supposed to perform. It is what the radical groups required from the governments to destabilize the several systems on the different land across the world. (Perri, 2011) This curse continuously tries to destroy various states' social, economic, political, constitutional, and religious fundamental structures. It has become a global threat to social peace and prosperity, i.e., causing deaths, abductions for ransom or making hostages, causing destruction of public assets like information systems and transport systems, and endangering public and private places. There is close nexus between money laundering and terrorism financing. (Hussain Bhatti et al., 2022) However, as for as the nature of definitions of both the crime is

concerned, money to be financed for terrorism might be legal, but when it reaches its destination, i.e., terrorism financing, it becomes illegal. On the contrary, in the case of money laundering, the procedure is illegal from its origin. (Khan et al., 2021)

All the crimes are economic losses of a country and hurdles to good governance and social rehabilitation. Unfortunately, cryptocurrency has become a significant facilitator of all such crimes. Hence, if we aim for social development and good governance with the harmonization of global political and social structure, we must put cryptocurrency to good use for humanity. (Xue et al., 2021)

In some cases, cryptocurrency can also address specific social issues, such as promoting gender equality and providing financial services to people in developing countries. For instance, cryptocurrency initiatives help women in developing countries gain financial independence and increase their access to financial services. (Al-Bayader-Al-Rawnaq Neighborhood et al., n.d.) Virtual currency and blockchain technology have the potential to be used as tools for social rehabilitation by providing new financial opportunities and increasing financial literacy. For example, cryptocurrency can help reduce poverty and

provide people with a means of generating income. (Blum-West & Carter, 1983; Braithwaite, 1985) Additionally, cryptocurrency can help increase financial literacy by introducing people to new financial concepts and technologies. (Khan et al., 2021)

There is a significant potential for cryptocurrency to be used as a tool for good governance by increasing transparency and accountability in financial transactions, enabling faster and more secure voting systems, and helping to distribute aid and resources more efficiently. For instance, cryptocurrency and blockchain can make tracking the flow of funds more manageable and ensure that government resources are being used for their intended purposes. (Berghoff & Spiekermann, 2018) Blockchain-based voting systems can provide a secure and transparent way to conduct elections and ensure accurate results. (Khan et al., 2021) It can also be used as a tool for financial inclusion, allowing people who are unbanked or underbanked to access financial services that they might not have had access to otherwise. By providing access to financial services, cryptocurrency can help to reduce poverty and improve economic growth and stability. (Hussain Bhatti et al., 2022)

Dealing with cryptocurrency will depend on each country's legal and regulatory frameworks, as well as the nature and scope of the specific threat. (*'Honor Killing' Crimes in Pakistan: A Scenario Analyzed Under Legal and Human Rights Perspective*, n.d.) Nevertheless, international law enforcement must work together to ensure that cryptocurrency is not used for illegal or malicious purposes. It is important to note that cryptocurrency and blockchain technology is still in their early stages. Many technical, regulatory, and security challenges must be addressed before these technologies can be widely adopted for social rehabilitation viz governance in a better way. (Naz, 2022)

Additionally, the decentralization and anonymity of cryptocurrency transactions can make it more difficult for governments to regulate and monitor these activities, which could negatively affect constructing a better world with a conducive solid integration between the countries. Law enforcement agencies are responsible for addressing the potential criminal uses of cryptocurrency while respecting the rights and freedoms of legitimate users. (*'Honor Killing' Crimes in Pakistan: A Scenario Analyzed Under Legal and Human Rights Perspective*, n.d.) They must respect privacy and civil liberties while investigating cryptocurrency-related crimes

and should only collect and use necessary information proportionate to their investigation. (Bartsch, n.d.; Rueckert, 2019) All states and international organizations should bond strongly with the crypto market to stop its malicious use and encourage its easement into domestic and international trade with transparency. (Ibrar, 2020) Educating people and creating public awareness about its required skills to use its grey areas and potential risks would create a better collective picture of overall governance. (Hett, 2008)

Working together to share information and best practices for investigating and prosecuting cryptocurrency-related crimes would enhance law enforcement's performance and grip on crypto criminals. Agencies should invest in technology and expertise to help them track and trace cryptocurrency transactions and identify and dismantle criminal networks. (Hett, 2008)

6. Cryptocurrency and Modern Times:

Cryptocurrency is digital or virtual money that functions independently of a central bank and employs encryption for protection. Cryptocurrencies like Bitcoin, Ethereum, and Litecoin have grown in popularity recently as a decentralized form of cash that enables safe, quick, and low-cost transactions. In the contemporary period, there has been an increase in interest in cryptocurrencies as a viable

replacement to existing fiat currencies and a new investment option. (Christian; Accorsi & Müller, 2015)

However, cryptocurrencies continue to confront hurdles, including regulation, volatility, and mainstream consumer and merchant acceptance. (Albrecht et al., 2019)

7. The Effects of Cryptocurrency on Pakistani Society:

The influence of cryptocurrencies on Pakistani society has been both beneficial and harmful. On the plus side, Bitcoin has improved financial accessibility and opened up new investment prospects for Pakistanis. It has also facilitated speedier and less expensive cross-border transactions, which is especially significant given the country's substantial outside workforce. (Samantha Maitland Irwin et al., 2011)

However, concerns have been voiced regarding cryptocurrency's potential for criminal activities such as money laundering and terrorist funding, as well as its capacity to contribute to the shadow economy and weaken the government's ability to control the financial sector. In addition, there needs to be more consumer protection and awareness of cryptocurrencies, which may result in severe financial losses. (*Vervaele - Money Laundering*, n.d.)

Overall, the influence of cryptocurrencies on Pakistani society remains unpredictable and will be determined by the government's capacity to regulate and educate the people about the hazards and advantages of this new technology.

(Christian; Accorsi & Müller, 2015; *Vervaele - Money Laundering*, n.d.)

8. Factors Contributing to the Negative Use of Cryptocurrency:

Various elements lead to cryptocurrency's unfavorable use:

- **Anonymity:**
Cryptocurrencies enable users to conduct transactions anonymously, making it simpler to participate in illicit acts without being discovered.
- **Lack of Regulation:**
Due to clear restrictions and monitoring, criminals have found it simpler to utilize cryptocurrencies for unlawful reasons such as money laundering and supporting illegal activities.
- **Volatility:**
Due to the significant volatility of cryptocurrencies, it has become an appealing investment possibility for criminals hoping to earn quickly from unlawful operations.
- **Decentralization:**
Because cryptocurrencies are decentralized, authorities find it challenging to monitor and restrict their usage for unlawful reasons.
- **Consumer protection is limited:**
Unlike conventional financial institutions, cryptocurrencies are not insured, and there is no consumer protection for those who lose money due to fraud or other illegal activity.

It is crucial to highlight that most Bitcoin transactions are genuine, yet, the reasons discussed above make it simpler for criminals to use the technology for illegitimate purposes. (Bartsch, n.d.; Samantha Maitland Irwin et al., 2011)

9. The Negative Impact of Cryptocurrency on International Society

The following are some of the negative implications of cryptocurrencies on worldwide society:

- **Financial insecurity:**
The extreme volatility of cryptocurrencies may increase financial insecurity and raise market risk, harming the global economy.
- **Money Laundering:**
Because cryptocurrencies are anonymous and not regulated, it is easier for criminals to use them for money laundering and other illegal activities. It puts the integrity of the global financial system at risk.
- **Threat to Monetary Sovereignty:**
The growing popularity of cryptocurrencies may put conventional central banks and governments under pressure to regulate and control their domestic money supply, possibly leading to instability and loss of control over the economy.
- **Cybersecurity Threats:**
Exchanges and wallets for cryptocurrencies can be hacked, which

can cause vast amounts of money to be lost.

- **Environmental Effect:**
Mining, the process of making new cryptocurrencies, uses much energy, which can be bad for the environment, primarily if fossil fuels are used.

Overall, the destructive effects of cryptocurrencies on international society show how important it is to have international rules and oversight to protect the stability and integrity of the global financial system. (Bartsch, n.d.; Rueckert, 2019)

10. The Role of Cryptocurrency in the Development of Socioeconomic Norms:

Cryptocurrency could help shape economic norms, especially in poor and developing countries, by opening up new ways to make money and getting more people involved in the financial system. Here are a few examples of how cryptocurrencies might help:

- **Financial Accessibility:**
Because cryptocurrency does not require a conventional bank account or credit history, it has the potential to boost financial accessibility for those who are unbanked or underbanked.
- **Remittances:**
For persons living and working abroad who send money back to their relatives in their home country, cryptocurrency may be a quicker and cheaper alternative to conventional money transfer methods.
- **Entrepreneurship:**

Cryptocurrency could be a new way for businesses to get money, especially in places where traditional funding is challenging.

- **Economic Empowerment:** Cryptocurrency could help women, minorities, and other underprivileged groups by opening up new financial opportunities and making it easier to get money.

Even though Bitcoin is still in its early stages and has problems like regulation and volatility, it can help develop social and economic norms by making it easier for people to access money and helping more people access it. (Ibrahim et al., n.d.; Reddy & Minnaar, 2018)

11. Cryptocurrency and Private International Law

Private international law can be hard to apply to cryptocurrency because transactions can occur across borders, and many places need clear rules. Private international law is the rules that determine which country's law will apply to a particular cross-border transaction or dispute. (Bodansky, 1999)

In the case of cryptocurrency, private international law must take into account the decentralized nature of cryptocurrencies, the anonymity of transactions, and the different approaches to regulation in different jurisdictions. For example, some countries may have stricter rules about buying and selling cryptocurrency, while others may

have less strict or nonexistent rules. (Ahsan & Khawaja, n.d.; Astutik et al., 2022)

Courts must decide which country's law will apply to a particular transaction or dispute to use private international law with cryptocurrency. It can be challenging because cryptocurrency transactions can happen online and involve more than one country.

Private international law is essential for individuals and businesses engaged in cryptocurrency transactions, as it can impact their legal rights and obligations. It is crucial for individuals and businesses to understand the private international law rules that apply to their transactions and to seek legal advice if necessary. (Vandenhole, 2018)

Overall, how private international law is applied to cryptocurrency is still changing. As cryptocurrency becomes popular, courts and regulators will continue to pay close attention to this area.

12. Legislation to control the adverse effects:

To control the adverse effects of cryptocurrency, governments, and regulatory bodies have been developing various pieces of legislation. (Ali & Bhatti, 2021) Here are a few examples:

➤ **Anti-Money Laundering (AML) and Counter-Terrorist Financing (CTF) laws:**

These laws aim to prevent the use of cryptocurrency for money laundering and terrorist financing. They typically require cryptocurrency exchanges and other businesses to comply with AML/CTF regulations, including customer due diligence and reporting requirements.

➤ **Regulation of cryptocurrency exchanges:**

Some countries have introduced legislation to regulate cryptocurrency exchanges to reduce the risk of cyberattacks and ensure the financial system's stability. It may include requirements for exchanges to obtain licenses, comply with customer protection measures, and have robust cybersecurity measures in place.

➤ **Taxation:**

Many countries are also addressing the tax implications of cryptocurrency as they seek to ensure that individuals and businesses using cryptocurrency pay the appropriate tax. It may include specific tax rules for cryptocurrency transactions and provisions to prevent tax evasion.

➤ **Consumer protection:**

Governments are also focusing on consumer protection concerning cryptocurrency, as

many people may need help understanding the risks associated with cryptocurrency transactions. It may include providing education and information and requiring companies to disclose risks and ensure that consumers are protected. (Robra & Heikkurinen, 2019)

Overall, the legislation to control the adverse effects of cryptocurrency is still evolving as governments and regulatory bodies seek to balance the potential benefits of cryptocurrency with the need to ensure stability, security, and consumer protection. Further legislation will likely be introduced as the use of cryptocurrency becomes widespread. (Robert et al., 2005)

13. Cryptocurrency in the Nexus of Global Harmonization, Good Governance, and Social Rehabilitation:

Cryptocurrency has the potential to play a role in the nexus of global harmonization, good governance, and social rehabilitation, but it is also essential to consider the challenges that it presents. (Albrecht et al., 2019)

- **Global harmonization** refers to the development of consistent regulations and standards across countries. Cryptocurrency has the potential to facilitate cross-border

transactions and reduce the cost and time required for international transactions. (Bartsch, n.d.) However, the lack of consistent regulations across countries can create challenges for businesses and individuals who use cryptocurrency.

- **Good governance** refers to practical, transparent, and accountable government and the rule of law. Cryptocurrency can provide an alternative to traditional financial systems, potentially reducing corruption and increasing financial accessibility. However, the anonymity of cryptocurrency transactions can also make it easier for individuals to engage in illegal activities, such as money laundering or terrorist financing, which can undermine good governance. (Robert et al., 2005)
- **Social rehabilitation** refers to efforts to improve social conditions and promote economic development. Cryptocurrency can provide new investment opportunities and increase financial accessibility, particularly in developing countries. However, it is essential to consider the potential risks of cryptocurrency, such as

cybersecurity threats and the environmental impact of cryptocurrency mining, and to develop responsible regulations that promote social rehabilitation while minimizing these risks.

So, cryptocurrency has the potential to play a role in the nexus of global harmonization, good governance, and social rehabilitation. Still, it is crucial to consider its challenges and develop responsible regulations that balance its potential benefits with the need to ensure stability, security, and consumer protection by averting its adverse effects. (Hossain, n.d.; Vandenhole, 2018)

14. Conclusion and Final Remarks

The international quest for harmonization and rehabilitation of society can be achieved through cooperation among all the nations and good governing policies. Cryptocurrency such as Bitcoin is increasingly becoming popular as a global currency, getting fame equally among investors and traders as well as among terrorists, money launderers, and other criminals. (Bartsch, n.d.) While there is hope for social rehabilitation and global harmonization, various negative factors hinder progress toward good international governance. Since ancient times, criminal activities have been linked to human

development and significantly contributed to increased criminal behaviors and terrorism.

On the one hand, modern digital technology offers numerous benefits to humanity, but it also presents challenges, such as the increasing frequency of cybercrime. The malicious use of cryptocurrency is becoming a cause of social destruction. However, the same can be used to promote social rehabilitation and good governance for a more harmonious world. In conclusion, cryptocurrency is a complex technology that changes quickly and could have good and bad effects.

On the one hand, cryptocurrency has the potential to increase financial accessibility, provide new investment opportunities, and reduce the cost and speed of cross-border transactions. On the other hand, it also presents risks such as money laundering, financial instability, cybersecurity threats, and environmental impact. (Rueckert, 2019)

As more people use cryptocurrency, governments, regulators, and the financial industry must work together to solve these problems and ensure cryptocurrency is used safely and responsibly. It could mean making international rules, educating and protecting consumers more, and ensuring that cryptocurrency is used to help people access money and help the economy grow.

In the end, the future of cryptocurrency will depend on how it is adopted and regulated and how it evolves. It is essential to keep track of its effects and develop it in a measured and responsible way. The study has been completed, but the issue persists in resolution and implementation.

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